

Message Text

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64

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-03 PA-04 PRS-01 USIA-15 SCI-06 FEA-02 INT-08

DRC-01 /193 W

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R 021756Z JUL 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1759

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS LONDON 08298

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: ECON, UK

SUBJECT: MAJOR ECONOMIC POLICY STATEMENT BY PRIME
MINISTER WILSON

1. ON SUNDAY, JUNE 30, PRIME MINISTER WILSON, IN A MAJOR

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ADDRESS TO THE SOCIALIST INTERNATIONAL LEADERS CONFERENCE

AT CHEQUERS, GAVE A TOUR D'HORIZON OF ECONOMIC MATTERS, BOTH AFFECTING THE WORLD IN GENERAL AND THE UNITED KINGDOM IN PARTICULAR. THE PRIME MINISTER BEGAN BY DISCUSSING THE PROBLEMS FOR ALL COUNTRIES CREATED BY THE INCREASE IN THE PRICE OF OIL, I.E., DEMAND PROBLEMS, MONETARY PROBLEMS AND INFLATIONARY PROBLEMS. BRITAIN'S BALANCE OF PAYMENTS SITUATION CAME NEXT WITH THE PRIME MINISTER REJECTING IMPORT CONTROLS; STRESSING THE NEED FOR ELIMINATION OF THE NON-OIL DEFICIT; AND EMPHASIZING THE CONCEPT OF EXPORT-LED GROWTH FOR THE U.K. ECONOMY. THE NEED TO DEAL WITH THE IMMEDIATE FINANCIAL PROBLEM OF VAST NEW FLOWS AND BALANCES WITHIN THE WORLD MONETARY SYSTEM -- INCLUDING THE NEED TO HELP THE DEVELOPING COUNTRIES -- WAS NEXT. MR. WILSON THEN TOOK UP THE PROBLEM OF INFLATION IN THE U.K., CRITICIZING THE CURRENT THRESHOLD AGREEMENTS

AND HOW THEY ARE NOW FUELING INFLATION IN THE U.K. -- I.E., ONE MONTH'S PRICE INCREASE IS THE NEXT MONTH'S WAGE INCREASE; LABOUR WAS FIGHTING INFLATION THROUGH FREEZING RENTS AND SUBSIDIZING FOOD. THE PRIME MINISTER CONCLUDED BY STRESSING THAT "WHAT WE NEED TO DO ABOVE ALL IS TO TALK TOGETHER AND TO APPROACH THESE PROBLEMS (OIL, INFLATION, ETC.) AS SHARED PROBLEMS."

2. TEXT OF SPEECH BEING POUCHED TO TREASURY (F.L.WIDMAN), STATE (CARROLL FLOYD, EUR/NE), AND FRB (L. PROMISOL).

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